

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 3-year MGS 3/25 prints BTC of 1.92x

Post-announcement, WI opened at 3.84/3.77% and subsequently narrowed with about RM60m transacted between 3.835-805% area before closing at 3.83/80%. This auction saw total submission of bids amounting to RM9.60b resulting in a BTC ratio of 1.92x; much higher than its earlier equivalent auction in March (total bids of RM9.16b with BTC ratio of 1.667x). The total offering of RM5.0b was a in line with our forecast, with actual YTD issuance size now pegged at RM138.0b. Summary of tender results were:

Bid to Cover: 1.92x
 High: 3.837%
 Average: 3.823%
 Low: 3.80%
 Cut-off: 5.7%

The decent sum of bids and commendable spread to OPR may benefit bond trading portfolios...

The tail of 1.4bps was considered average with participants consisting mainly of inter-bank participants, mainly Principal Dealers. The yield offered for the bond at 3.823% is ~58bps higher than its last equivalent auction which averaged 3.239% in March 2022. This benchmark may be **seen to reflect decent value** if compared to the 3Y Islamic benchmark equivalent GII 10/25 which was last done at 3.766% levels (Note: the historical annualized mean spread between the generic Islamic and conventional 3Y benchmarks and also actual benchmarks unadjusted for duration is +4bps and +1bps each. **Despite being neutral from a term premium perspective; the spread to OPR is rather rich at ~130bps.** Up next on the calendar is the re-opening of 10Y GII 10/32 with our projected issuance size of RM5.0b.

MGS/GII issuance pipeline in 2022														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	5-yr reopening of MGS (Mat on 11/26)	5	Jan	Q1	6/1/2022	5,000	5,000		5,000	2.329	3.235	3.273	3.290	39.4%
2	10.5-yr new Issue of MGS (Mat on 7/32)	10	Jan	Q1	13/1/2022	4,500	4,500		9,500	2.044	2.615	3.582	3.598	51.6%
3	15-yr Reopening of GII (Mat on 07/36)	15	Jan	Q1	28/1/2022	4,500	3,000		12,500	2.574	4.147	4.161	4.180	30.0%
4	5-yr Reopening of GII (Mat on 09/27)	5	Feb	Q1	7/2/2022	4,500	5,000		17,500	1.733	3.470	3.495	3.512	47.6%
5	30-yr Reopening of MGS (Mat on 06/50)	30	Feb	Q1	14/2/2022	4,500	2,500	2,500	22,500	2.423	4.488	4.505	4.520	34.1%
6	7-yr Reopening of GII (Mat on 10/28)	7	Feb	Q1	21/2/2022	4,500	4,500		27,000	1.750	3.587	3.612	3.629	50.0%
7	15-yr Reopening of MGS 04/37	15	Mar	Q1	4/3/2022	4,500	3,000		30,000	1.986	4.048	4.064	4.078	87.6%
8	20-yr Reopening of MGII 09/41	20	Mar	Q1	17/3/2022	4,500	2,500	2,500	35,000	1.884	4.375	4.401	4.427	88.0%
9	3-yr Reopening of MGS 03/25	3	Mar	Q1	30/3/2022	5,000	5,500		40,500	1.666	3.210	3.239	3.255	69.2%
10	10.5-yr New Issue of MGII (Mat on 10/32)	10	Apr	Q2	6/4/2022	4,000	4,500		45,000	2.503	4.165	4.193	4.203	30.7%
11	20.5-yr New Issue of MGS (Mat on 10/42)	20	Apr	Q2	12/4/2022	5,000	2,500	2,500	50,000	1.918	4.653	4.696	4.730	32.0%
12	15-yr Reopening of MGII 07/36	15	Apr	Q2	21/4/2022	4,000	2,500	2,500	55,000	1.879	4.750	4.826	4.869	50.0%
13	7-yr New Issue of MGS (Mat on 04/29)	7	Apr	Q2	28/4/2022	4,500	5,000		60,000	2.196	4.470	4.504	4.520	96.8%
14	30-yr New Issue of MGII (Mat on 05/52)	30	May	Q2	12/5/2022	5,000	2,500	500	63,000	2.570	5.255	5.357	5.400	49.0%
15	10-yr Reopening of MGS (Mat on 07/32)	10	May	Q2	23/5/2022	5,000	4,500		67,500	2.598	4.243	4.294	4.310	10.0%
16	3-yr Re-issuance of MGII 10/25	3	May	Q2	30/5/2022	4,500	5,000		72,500	3.632	3.511	3.539	3.550	100.0%
17	15-yr Reopening of MGS 04/37	15	Jun	Q2	8/6/2022	4,000	3,000	2,500	78,000	2.211	4.565	4.599	4.618	4.6%
18	5-yr Reopening of MGII 09/27	5	Jun	Q2	22/6/2022	4,000	4,500		82,500	3.133	4.135	4.155	4.167	100.0%
19	30-yr Reopening of MGS 06/50	30	Jun	Q2	29/6/2022	4,000	2,500	2,500	87,500	2.459	4.930	4.959	4.974	30.0%
20	10-yr Reopening of MGII (Mat on 10/32)	10	Jul	Q3	14/7/2022	5,000	3,500	2,500	93,500	3.105	4.090	4.117	4.129	58.3%
21	20-yr Reopening of MGS (Mat on 10/42)	20	Jul	Q3	21/7/2022	5,000	2,500	2,500	98,500	2.656	4.585	4.598	4.607	37.0%
22	7-yr Re-issuance of MGII 07/29	7	Jul	Q3	28/7/2022	5,000	4,500		103,000	2.403	3.900	3.917	3.927	43.3%
23	5-yr Re-issuance of MGS 11/27	5	Aug	Q3	4/8/2022	5,000	5,000		108,000	2.044	3.770	3.798	3.808	38.3%
24	20-yr Reopening of MGII 09/41	20	Aug	Q3	12/8/2022	5,000	3,000	2,500	113,500	2.742	4.383	4.410	4.435	81.4%
25	15-yr Reopening of MGS 04/37	15	Aug	Q3	29/8/2022	5,000	2,500	2,500	118,500	2.244	4.210	4.249	4.272	85.0%
26	3-yr Reopening of MGII 10/25	3	Sep	Q3	14/9/2022	4,500	5,000		123,500	1.836	3.450	3.474	3.483	66.4%
27	7-yr Reopening of MGS (Mat on 04/29)	7	Sep	Q3	22/9/2022	5,000	5,000		128,500	1.662	4.190	4.232	4.275	37.5%
28	15.5-yr New Issue of MGII (Mat on 03/38)	15	Sep	Q3	29/9/2022	5,000	4,500		133,000	2.383	4.600	4.662	4.690	80.3%
29	3-yr Reopening of MGS 03/25	3	Oct	Q4	6/10/2022	5,000	5,000		138,000	1.920	3.800	3.823	3.837	5.7%
30	10-yr Reopening of MGII (Mat on 10/32)	10	Oct	Q4		5,000		X						
31	20-yr Reopening of MGS (Mat on 10/42)	20	Oct	Q4		5,000		X						
32	7-yr Reopening of MGII 07/29	7	Nov	Q4		4,500								
33	5-yr Reopening of MGS 11/27	5	Nov	Q4		4,500								
34	30-yr Reopening of MGII (Mat on 05/52)	30	Nov	Q4		4,000		X						
35	10-yr Reopening of MGS (Mat on 07/32)	10	Dec	Q4		4,500								
36	3-yr Reopening of MGII 10/25	3	Dec	Q4		4,500								
Gross MGS/GII supply in 2022						167,000	112,500	25,500	138,000	PROJECTED TOTAL ISSUANCE SIZE = 167,000,000				

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